NEWS

Delivery rule worries SF operators

by Alan Liddle

SAN FRANCISCO — Restaurants and other businesses here that provide home delivery would be forced to honor all requests for service within a specific radius around the establishment — even those from high-crime neighborhoods — under a controversial city ordinance approved by supervisors and supported by the mayor.

"Our position is that any restaurant or business should have the right to choose [delivery areas], and that such matters should not be legislated," a spokesman for the Golden Gate Restaurant Association in San Francisco said. "We had lots of feedback [on the ordinance] from our members, even from some who don't offer delivery but who were still concerned out of principle."

"Delivery is not a right; it's a convenience," said Jeff Saad, owner of two Sweet Heat healthful Mexican food restaurants in San Francisco.

Saad said one of his drivers was once "surrounded and threatened" in one neighborhood and Saad did not want any of his drivers to go back into that area because "the safety of my drivers is much more important than delivery of a few more burritos."

"This [ordinance] will force people to quit delivery or change their service areas," the angry operator predicted.

The ordinance stemmed from complaints by residents of low-income housing projects that they were being discriminated against based on where they live. It was approved 10-0 by supervisors and sent to Mayor Willie L. Brown Jr. for his signature. A Brown aide said the mayor backs the "essence" of the ordinance. But he added that Brown would "review the [ordinance] language" and might possibly "modify it" before signing the measure into law if he finds that the mandate as originally drafted represents an "excessive burden" on some businesses.

The measure becomes law 30 days after Brown signs it.

Under the ordinance, delivery businesses that service homes or businesses in one neighborhood a certain distance away, say five miles, could not refuse to deliver to other neighborhoods within a five-mile radius of the business. Even if a delivery business owner believes that certain neighborhoods pose greater risks than others to his or her employees, he or she could not legally deny a request for delivery unless the caller or residents in the caller's home had earlier failed to pay for goods or had threatened or injured delivery personnel.

"I find it absolutely absurd that one of my drivers has to be hurt or I have to lose money before I can refuse to deliver somewhere," Sweet Heat's Saad complained.

A source in the city attorney's office said violators of the ordinance could be named as defendants in civil litigation by "aggrieved parties," the district attorney or the city attorney. However, he said, violators would not be subject to criminal sanctions, such as fines or jail time or both.

Deputy city attorney Thomas Owen said business owners concerned about the welfare of delivery employees are free to reduce their delivery area, hours of operation or modify their service format in any way they see fit — as long as they offer similar service to everyone within the area they do choose to make deliveries in.

Some San Francisco operators forecast higher delivery expenses, including driver wages and insurance, if Mayor Brown signs the ordinance into law. Others charged that a delivery mandate would take away the right of a business owner to efficiently manage his or her operation.

"Now, if I were to get five orders from the Tenderloin [a lower-income area] and one from the Avenues during the lunch rush, I'd probably tell the guy in the Avenues that I couldn't deliver because his food would be cold by the time it got there," said Saad of Sweet Heat. If the ordinance becomes law, he added, "I'd either have to sell the guy in the Avenues cold food or add drivers and charge everyone more for delivery."

BK franchisee assn. comes of age

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franchisees from participating. Furthermore, because the group has grown so large and all the officers are volunteers, it decided this spring to engage a communications firm, Mitchell & Associates, in New York.

Eberly said the association has turned down invitations to join other large franchisee organizations that represent a multitude of franchise businesses, including fast feeders. "We're big enough that we do everything we need to do ourselves," he said.

Other newly elected NFA officers besides DeRosa are franchisees Steven Lewis, vice president; Steven Wegner, secretary; and William Scarbrough, treasurer. All will serve two-year terms. Also, Dominick Vespoli was named to a new position of chairman of operations, technology and profitability. Eberly will continue to sit on the association's executive committee.

Robert Purvin Jr., chairman of the American Association of Franchisees and Dealers, a generic trade group representing franchisees of a range of companies, said the existence of Burger King's independent group and the fact that the company recognizes it is a plus for franchisees. "The single most important criterion in selecting a franchise is whether or not that franchise has an independent association and whether the company recognizes it," he explained.

Interest in restaurant stocks renewed

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into the group, it is just as quickly able to flow out," said Barish of Robertson Stephens.

Citing the Morton's stock performance, Barish pointed out that though the company has not yet rid itself of its financially troubled Mick's and Peasant restaurant chains, the investment community is focusing on the top operational performance at its core concepts — Morton's of Chicago and Bertolini's Authentic Trattorias. The company recently changed its name from the Quantum Restaurant Group to show its focus on its key steak-house concept. "Even though the Mick's and Peasant are still a side note, investors see Morton's and Bertolini's as the reason to buy," he said.

Still, Barish conceded, there is some impatience mounting about the slow movement of Morton's on the sale of the two troubled chains.

"One thing that operators must not forget," said Findlay of Quality Dining, "is that no matter what is going on in the stock market, you have got to concentrate on running your business the best that you can day in and day out. There's no changing that."

Quality Dining didn't make the top 10 in first-quarter performance, but it came in close behind with its stock up 22 percent, to $29.50, at the end of the quarter.

Others finishing with their stock prices up above 20 percent were Ryan's, Cheesecake Factory and Cooker.

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